Bifurcation of UTI

†694. SHRI JANESHWAR MISHRA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it Is a fact tinat Government have decided to bifurcate UTI and handover one part to professional management;

(b) if so, the reasons therefore;

(c) whether it is also a fact that UTI will become weaker by such bifurcation; and

(d) if so, the reasons for taking this step?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Yes, Sir. Government have decided to bifurcate UTI to restrict the liability of Government and thereby distance Government from mutual fund activities.

(c) No, Sir.

(d) Does not arise.

Deterioration in fiscal situation

695. SHRI R PRABHAKAR REDDY: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Wsrid Bank has recently conmunicated its serious concern on the state of fiscal deficit in the country and urged upon Government to take urgent steps in this regard to improve the investment climate;

(b) if so, whether Government have undertaken any serious study of the problem Including the reasons for fiscal deficit of the various State Governments and their unsustainable debt burden; and

(c) the steps proposed to be taken in this direction to take the country out of the deep financial morass?

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†Origlnal notice of the question was received in Hindi.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRIANANDRAO VITHOBA ADSUL): (a) The World Bank, while noting relatively good performance of Indian economy has drawn attention to the sustainability of fiscal deficit as one of the key policy issues.

(b) and (c) The Central Government has been working jointly with the State Governments to meet the challenge of fiscal management at the State level. The Government of India has also suggested a debt swap scheme to enable the States to retire high cost debt to facilitate the process of fiscal consolidation.

The Central Government has also been following the strategy of fiscal rectitude as outlined in the Union Budget 2002-2003, which aims at higher tax revenues, improved non-tax receipts and moderation in the growth of non-plan expenditure.

Mopping up of funds by ICICI Bank

696. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that the Central Government have allowed ICICI Bank to mop up Rs. 5000 crore from public through the bond route;

(b) whether it is the first Bank to get permission of the kind without infrastructure bond;

(c) if so, the reasons and circumstances for the policy shift; and

(d) whether other banks will also be allowed to follow suit?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) No, Sir.

(b)and (d) Do not arise.

Increase in foreign excliange reserves

697. DR. MAN MOHAN SINGH: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) the increase in India's foreign exchange reserves during 2001 -02 and 2002-03, thus far;